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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 01/07/10

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, January 6

NIKKEI (Page 2) (Full)

January 7, 2010

09:58 Met National Strategy Minister Naoto Kan and Chief Cabinet Secretary Hirofumi Hirano at Prime Minister's Official Residence (Kantei)

10:30 Met Defense Minister Toshimi Kitazawa

11:16 Met former Deputy Foreign Minister Hitoshi Tanaka

12:02 Met Kan; followed by meeting with assistants Katsuya Ogawa, Satoshi Arai, and Seiji Aizaka

13:58 Met Foreign Minister Katsuya Okada

17:05 Attended New Year's Party hosted by Jiji Press, Naigai Josei Chosakai, and others at Imperial Hotel

17:35 Met Kan at Kantei; joined by Administrative Reform Minister Yoshito Sengoku

19:27 Held another meeting with Kan and Sengoku

20:11 Dined at French restaurant Girandole in Park Hyatt Tokyo with House of Councillors members Naoki Kazama, Minoru Kawasaki, and others

22:52 Arrived at his official residential quarters

4) Hatoyama, Kitazawa agree to resolve Futenma issue after passing FY2010 budget

ASAHI (Page 4) (Full)
January 7, 2010

Defense Minister Toshimi Kitazawa held talks yesterday with Prime Minister Yukio Hatoyama on the issue of relocating the U.S. Marine Corps' Futenma Air Station (in Ginowan City, Okinawa) at the Prime Minister's Official Residence (Kantei). According to comments made by Kitazawa at a meeting in Nagano City, he and Hatoyama agreed on the idea that the Futenma relocation issue should be resolved soon after the passage of the state budget for fiscal 2010.

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Kitazawa said, "(Until the budget is passed) the three ruling parties will continue to hold discussions and reach a conclusion," indicating that the three ruling parties will look into possible relocation sites until the end of March when they expect to pass the budget, after which the Japanese government will formulate its own plan and negotiate with the United States.

5) Study panel examines process that led to current Futenma relocation plan

SANKEI (Page 5) (Full)
January 7, 2010

Yesterday the government and ruling parties held the second meeting of the Okinawa base issues study committee chaired by Chief Cabinet Secretary Hirofumi Hirano, which is tasked with discussing relocation sites for the U.S. Marine Corps' Futenma Air Station in Ginowan City, Okinawa Prefecture. Participants examined the process that led to the conclusion of an agreement between Japan and the U.S. to relocate the Futenma facility to the coastal area of U.S. Camp Schwab in Nago City. Social Democratic Party policymaking advisory board head Tomoko Abe, People's New Party Policy Research Council Chairman Mikio Shimoji, and others attended the meeting held at the Prime Minister's Official Residence and were briefed on the Japan-U.S. agreement by officials from the Defense Ministry and the Foreign Ministry.

Defense Minister Toshimi Kitazawa met Prime Minister Yukio Hatoyama and U.S. Ambassador John Roos separately to exchange views on the Futenma relocation issue.

6) Japanese, U.S. foreign ministerial to take place possibly in mid-January

SANKEI (Page 5) (Full)
January 7, 2010

Rui Sasaki, Washington

Foreign Minister Katsuya Okada and Secretary of State Hillary Clinton are likely to hold talks in mid-January. After meeting with Deputy Secretary of State James Steinberg on Jan. 5, Administrative Vice Foreign Minister Mitoji Yabunaka, who is currently visiting the U.S., told reporters that arrangements for Okada's visit to the U.S. "are now in the final stages."

Yabunaka agreed with Steinberg that the Japan-U.S. alliance is imperative for the peace and stability of East Asia. He then told his counterpart that the government has set up a consultation body to discuss with the Social Democratic Party and the People's New Party the relocation of the U.S. Marine Corps' Futenma Air Station in Ginowan City, Okinawa Prefecture. Prime Minister Yukio Hatoyama has said that the government will come up with a conclusion by May. Yabunaka later told reporters that the U.S. side "was listening" (to his explanation). He also met with Under Secretary of Defense

Michele Flournoy on the 4th and briefed her on the Japanese government's position.

7) Gist of U.S. Assistant Secretary of State Kurt Campbell's interview on bilateral, other issues

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YOMIURI (Page 4) (Full)
January 7, 2010

Following is the gist of (Yomiuri Shimbun's exclusive) interview with U.S. Assistant Secretary of State Kurt Campbell (at the Department of State on Jan. 5):

Deepening of Japan-U.S. alliance

Japan and the United States are in a position to address issues beyond the Asia-Pacific region and issues across national boundaries as they deal with issues such as North Korea and the maintenance of peace and stability in the Taiwan Strait. Based on what they have achieved so far, how they will deal with the dramatic changes in the world will be reflected (in the talks on deepening the alliance). There are many aspects to the Japan-U.S. relationship. We cannot put off those aspects. The talks (on deepening the alliance) will begin. We hope for tangible results.

Omoiyari yosan (sympathy budget; i.e. host nation support)

The new administration in Japan wants to discuss issues relating to the sympathy budget and the Japan-U.S. Status of Forces Agreement with the U.S. We will discuss all issues in depth and thoroughly.

Futenma relocation

The U.S. is asking for a prompt decision on the implementation of the bilateral agreement. I understand that Japan has said that it needs more time. I am confident that the Prime Minister and his team will uphold the spirit of "responsibility and trust" for the sake of the Japan-U.S. relationship. We interpret (the Prime Minister's words "trust me") to mean that he will strengthen and maintain this relationship, including the right solution to the Futenma issue. It is important for this to be handled as a package (with measures to reduce the burden). Needless to say, we are ready to study and consider a degree of burden reduction.

Summoning of ambassador

We indeed summoned the ambassador. Secretary Clinton rarely meets an ambassador. However, she summoned the ambassador to directly convey U.S. thinking on the Futenma issue.

Marines' relocation to Guam

Unless there is progress in the Futenma process, we have no intention to proceed further with Guam relocation or the other projects.

North Korea

(North Korea) brought up the subject of lifting the sanctions at the U.S.-DPRK talks. The U.S. pointed out very clearly that the next step should be the resumption of the Six-Party Talks. We are waiting for North Korea's response. Frankly speaking, we think that the dialogue is still at a preliminary stage and North Korea's basic attitude is unclear. I believe that the Six-Party Talks have the support of all parties, including China, and they can be resumed. I don't know when that will be, but probably soon. Once the talks reopen, the discussions will be broad ranging at the beginning. Not only Yongbyon or the issue of verification, but other political

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issues (such as uranium enrichment) and the abduction issue will also be discussed.

8) Deputy Prime Minister Kan to replace Fujii as finance minister:
Sengoku to serve concurrently as state minister for national policy

NIKKEI (Top play) (Excerpts)
January 7, 2010

Prime Minister Yukio Hatoyama on Jan. 6 decided to accept Finance Minister Hirohisa Fujii's resignation and appoint Deputy Prime Minister and State Minister for National Policy Naoto Kan as his successor. Fujii had conveyed to the prime minister his intention to step down from the post due to poor health. State Minister for Government Revitalization Yoshito Sengoku will serve concurrently as state minister for national policy. A letter of appointment to assign him to the position will be issued on the afternoon of the 7th. A situation in which protracted disarray will undermine the prime minister's power basis has thus been prevented. However, Fujii's resignation will inevitably affect deliberations on the fiscal 2010 budget during the regular Diet session to be convened on the 18th.

Fujii is the first cabinet minister to step down since the Hatoyama cabinet was launched last September. Kan will continue to be in charge of economic and fiscal policy. Education, Culture, Sports, Science and Technology Minister Tatsuo Kawabata will be responsible for science and technology policy.

On the evening of the 6th, Kan told the press corps, "I am still a novice. However, I told (the prime minister) that I will do my utmost." Concerning his serving concurrently as deputy prime minister and state minister for economic and fiscal policy, he said, "I thought it would be all right from the perspective of mapping out a broader path toward Japan's revitalization."

9) Land transaction issue: Ozawa to accept questioning by public prosecutors

ASAHI (Page 1) (Excerpts)
January 7, 2020

The Tokyo District Public Prosecutors Office special investigation squad has asked Democratic Party of Japan Secretary General Ichiro Ozawa through his attorney to accept a voluntary interview on the issue that approximately 400 million yen in the funds used for the purchase of land in 2004 by Rikuzan-kai, Ozawa's fund management organization, were not listed in its political fund report. Responding to a question by the Asahi Shimbun, a close aide to Ozawa on the evening of the 6th said that Secretary General Ozawa had decided to accept voluntary questioning by public prosecutors in response to a request made by the Tokyo Public Prosecutors Office.

There is now a strong possibility of public prosecutors questioning him one of these days. How Ozawa will explain the matter is of intense interest.

According to a related source, the special investigation squad on the 5th asked his attorney to tell Ozawa to accede to questioning within a week or so. The attorney did not turn down the request but stopped short of giving an immediate reply.

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Ozawa is not subject to criminal accusation. However, the special investigation squad has determined that since the land transaction took place at his behest and the money (approximately 400 million yen) used for the purchase is believed to have come from him, they should ask him to give an account of the matter.

10) Enterprise Turnaround Initiative Corp. considers financing up to 300 billion yen for JAL reconstruction

MAINICHI (Page 3) (Excerpts)
January 7, 2010

It has been learned that the Enterprise Turnaround Initiative Corp. (ETIC), which has been asked financial assistance from Japan

Airlines (JAL), is considering financing 200 to 300 billion yen to JAL. Since public funds will be used for the financial assistance, the ETIC intends to clarify the responsibility of JAL's executive, premised on legal liquidation and a large-scale capital reduction. Before the end of January it will make a formal decision to begin a full-fledged reconstruction work.

The ETIC has looked into the appointment of a successor (CEO) to JAL President Nishimatsu, who has tendered his resignation, from outside the company.

11) American Airlines looking into boosting financial assistance for JAL

SANKEI (Page 11) (Excerpt)
January 7, 2010

During talks on continuing its alliance with Japan Airlines, which is in the process of corporate reconstruction, American Airlines proposed up to 1.1 billion dollars in financial assistance. In this connection, it was learned on Jan. 6 that the carrier is looking into increasing its offer. Calls pushing for an alliance with Delta Air Lines, which has a large share in the Pacific routes between Japan and the U.S., are gaining ground among government officials. American Airlines intends to stage a comeback in the battle to secure a partnership with JAL by submitting a new assistance proposal as early as this month.

12) Japanese whaling fleet support vessel, Sea Shepherd boat collide

SANKEI (Page 1) (Excerpts)
January 7, 2010

The Fisheries Agency announced yesterday that the Shonan Maru No. 2, a Japanese whaling fleet support ship, and the protest boat Ady Gil, operated by the U.S.'s Sea Shepherd anti-whaling group, collided in the Antarctic Ocean. The Ady Gil and another Sea Shepherd boat, the Bob Barker, had been disrupting the Shonan Maru's operations since early in the morning of Jan. 6, and the collision occurred during that time, according to the agency. The Shonan Maru was not seriously damaged and its crew members were not injured in the incident. Although the bow of the Ady Gil was seriously damaged, its crew was rescued by the Bob Barker.

According to the agency, the Ady Gil came unusually close to the Shonan Maru at around 12:30 a.m. on Jan. 6. The anti-whaling boat started to cut cross the Shonan Maru's bow from right to left and

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then reduced speed. The Shonan Maru failed to avoid the collision. The Shonan Maru tried to ward off the Ady Gil by spraying water and using bullhorns. The Sea Shepherd side, however, has claimed that the Ady Gil was not under way when the Shonan Maru suddenly collided with it and that the Japanese side did not even rescue its crew.

13) Increasing number of U.S. magazines leaving Japan; Time closing Tokyo bureau on January 8

ASAHI (Page 10) (Full)
January 7, 2010

Daisuke Igarashi

Due to a decline in advertising revenues, more and more major U.S. magazines are leaving Japan. Major U.S. general interest magazine Time is closing its Tokyo bureau on Jan. 8 as part of its restructuring efforts both inside and outside the U.S.

According to an informed source, the Tokyo bureau was set up in 1945, shortly after the end of World War II. Its office is currently located in Roppongi Hills. The editorial section of the Tokyo bureau will be closed and its one regular correspondent and one editor will be laid off. Time's public affairs officer said, "We will hire part-time reporters and experts on Japan, so reporting on Japan will continue as usual." The marketing and advertising sections in Japan

will be retained.

Another major U.S. magazine Newsweek also closed its Tokyo bureau last spring. Last December, after the economic magazine BusinessWeek was acquired by the major U.S. financial news company Bloomberg, its editorial section was merged with Bloomberg.

Commenting on the recent wave of U.S. magazines pulling out of Japan, Gakushuin Women's College Professor (of media studies) Yasuharu Ishizawa, a former reporter for The Washington Post, said: "Three factors are behind this: poor business results of the U.S. print media, the decline in Japan's news value, and the rise of China. The decrease in reporters with experience working in Japan who have a profound understanding of Japan is a loss for Japan."

ROOS